

STRATUS PROPERTIES INC  
Form 10-Q  
May 10, 2006

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2006**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission File Number: 0-19989**

**Stratus Properties Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**72-1211572**

(IRS Employer Identification No.)

**98 San Jacinto Blvd., Suite 220**

**Austin, Texas**

(Address of principal executive offices)

**78701**

(Zip Code)

**(512) 478-5788**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. R Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one): Large accelerated filer o Accelerated filer R Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). y o Yes R No

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On March 31, 2006, there were issued and outstanding 7,310,292 shares of the registrant's Common Stock, par value \$0.01 per share.

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Table of Contents

STRATUS PROPERTIES INC.  
TABLE OF CONTENTS

	Page
<u>Part I. Financial Information</u>	3
<u>Item 1. Financial Statements:</u>	
<u>Condensed Consolidated Balance Sheets (Unaudited)</u>	3
<u>Consolidated Statements of Operations (Unaudited)</u>	4
<u>Consolidated Statements of Cash Flows (Unaudited)</u>	5
<u>Notes to Consolidated Financial Statements</u>	6
<u>Report of Independent Registered Public Accounting Firm</u>	12
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	- 13
<u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>	20
<u>Item 4. Controls and Procedures</u>	21
<u>Part II. Other Information</u>	21
<u>Item 1. Legal Proceedings</u>	21
<u>Item 1A. Risk Factors</u>	21
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	21
<u>Item 4. Submission of Matters to a Vote of Security Holders</u>	22
<u>Item 6. Exhibits</u>	22
<u>Signature</u>	23
<u>Exhibit Index</u>	E-1

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Table of Contents

STRATUS PROPERTIES INC.  
Part I. FINANCIAL INFORMATION

Item 1. Financial Statements

STRATUS PROPERTIES INC.  
CONDENSED CONSOLIDATED BALANCE SHEET (Unaudited)  
(In Thousands)

	March 31, 2006	December 31, 2005
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents, including restricted cash of \$301 and \$387, respectively	\$ 9,064	\$ 1,901
Accounts receivable	741	112
Deposits, prepaid expenses and other	891	849
Discontinued operations	-	12,230
Total current assets	10,696	15,092
Real estate, commercial leasing assets and facilities, net:		
Property held for sale - developed or under development	127,000	127,450
Property held for sale - undeveloped	16,129	16,071
Property held for use, net	9,353	9,452
Investment in Crestview	3,820	4,157
Deferred tax asset	6,386	-
Other assets	2,198	1,664
Total assets	\$ 175,582	\$ 173,886
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 5,345	\$ 6,305
Accrued interest, property taxes and other	2,571	3,710
Current portion of long-term debt	2,172	169
Current tax liability	591	-
Discontinued operations	-	12,036
Total current liabilities	10,679	22,220
Long-term debt	45,260	50,135
Other liabilities	6,713	7,364
Total liabilities	62,652	79,719
Stockholders' equity:		
Preferred stock	-	-
Common stock	75	74
Capital in excess of par value of common stock	184,197	182,007
Accumulated deficit	(66,641)	(82,943)
Unamortized value of restricted stock units	-	(567)
Common stock held in treasury	(4,701)	(4,404)
Total stockholders' equity	112,930	94,167
Total liabilities and stockholders' equity	\$ 175,582	\$ 173,886

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents

STRATUS PROPERTIES INC.  
CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)  
(In Thousands, Except Per Share Amounts)

	Three Months Ended March 31,	
	2006	2005
Revenues:		
Real estate	\$ 11,038	\$ 2,252
Rental income	387	307
Commissions, management fees and other	265	158
Total revenues	11,690	2,717
Cost of sales:		
Real estate, net	7,547	1,892
Rental	324	328
Depreciation	186	189
Total cost of sales	8,057	2,409
General and administrative expenses	1,739	1,284
Total costs and expenses	9,796	3,693
Operating income (loss)	1,894	(976)
Interest expense, net	(179)	(111)
Interest income	14	27
Income (loss) from continuing operations before income taxes	1,729	(1,060)
Income tax benefit	6,386	-
Income (loss) from continuing operations	8,115	(1,060)
Income from discontinued operations (including a gain on sale of \$7,834, net of taxes of \$1,928, in 2006)	8,187	148
Net income (loss) applicable to common stock	\$ 16,302	\$ (912)
Basic net income (loss) per share of common stock:		
Continuing operations	\$ 1.12	\$ (0.15)
Discontinued operations	1.13	0.02
Basic net income (loss) per share of common stock	\$ 2.25	\$ (0.13)